Absorption of European Funds for Sectoral Operational Programme Environment in Romania 2007-2013

by
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Abstract. By writing this article we aim to highlight the direct relationship between European funds for the environment and the protection of the environment from the perspective a successful implementation of the Sectoral Operational Programme Environment. The environmental policy is truly special within the European Union, being created by the European Community Treaty and through the Treaty of Maastricht, the environmental protection is a key priority of the European Union, and aims to ensure environmental sustainability measures. By joining the EU, Romania as a member, also gives a major importance to environmental protection through the implementation of measures and programs for waste management, rehabilitation of brown fields and wastewater purification, as well as flood protection and coastal erosion. All these measures are intended for environment protection, air quality and the environment. Throughout this article we will also follow the degree of fulfillment of the main goal of the program for environment to ensure sustainable development, the degree of access and absorption of structural funds for the Sectoral Operational Programme Environment. Both the general objective and the specific environmental program will be evaluated by the conclusions and recommendations.

Key words: Environment, sustainability, sustainable development, program environment infrastructure.
JEL classification: A1, A10

1 Introduction

By joining the European Union, Romania benefits from structural and cohesion funds, financial instruments to help reduce economic and social disparities between EU Member States. For the development and expansion of environmental infrastructure, Romania benefits from the European Regional Development Fund and the Cohesion Fund. European Regional Development Fund helps eliminating the regional imbalances in the Community, narrowing the gap between the levels of development of the various regions and catching up of the less favored regions.

The Cohesion Fund supports Member States in reducing economic and social disparities in development and stabilization of the national economy.

Accessing EU funds is conditional on the development by Member States of operational programs to indicate areas that need financial support from the EU (www.posmediu.ro/home). Managing Authority for SOP Environment department of the Ministry of Environment is responsible for managing structural funds for the environmental sector.

SOP Environment has been approved by the European Commission on 12 July 2007 with the Regional Operational Programme and Sectoral Operational Programmes: Transport, the economic competitiveness increase and Technical Assistance. Upon approval by the European Commission, the operations are financed under the sectoral programs.

SOP has a budget of about 5.6 billion euro, of which about 4.5 billion is grant from the European Union through the European Regional Development Fund (ERDF) and the Cohesion Fund (CF), and the difference is national cofinance of approximately 1 billion Euro (www.posmediu.ro/am_pos_mediu).

Environment Sectoral Operational Programme (SOP) represents the programming document Structural and Cohesion Funds which establishes the strategy according to which these funds will be allocated to develop the environmental sector in Romania in 2007-2013.

SOP has been developed by the Ministry of Environment and Sustainable Development
(MESD), as Managing Authority for the program and the coordination of the Ministry of Economy and Finance, in his capacity as coordinator of Romania’s preparation for accessing structural funds and Cohesion for the period 2007 to 2013.

2 Priorities for Sectoral Operational Programme Environment

In order to achieve the objectives of the SOP Environment the following priorities for funding were identified:
1. Drinking water and sanitation: Expansion and modernization of water and waste water systems (financed from FC);
2. Waste: Development of integrated waste management and remediation of contaminated sites (funded by ERDF);
3. Heating: Upgrading heating systems in areas most affected by pollution (financed from FC);
4. Nature protection: Implementation of nature protection management (funded by ERDF);
5. Flooding and coast area: Improving infrastructure of natural risk prevention in most vulnerable areas (financed from FC);

Priority 1: Drinking water and sanitation has a total budget of 3.27 billion Euro, of which EU funding from Euro 2.78 billion. Reduced access of the population to water and wastewater infrastructure, approximately 60%, poor quality of drinking water and lack of sanitation facilities and wastewater treatment in certain areas, the large number of small operators, which carry out other activities are key problems facing Romania in the water sector.

Priority 1 projects completed by the SOP are a solution to this situation. To develop this type of project requires cooperation between local authorities involved in the project, which will establish an infrastructure development strategy at county/ regional level. They had to form a Intercommunity Development Association and to create a Regional Operator - a Regional Water Company, responsible for investments and management services for water/ wastewater. Projects are evaluated and selected by the Ministry of Environment and Sustainable Development, through SOP Environment, based on the list of projects proposed for this sector, annexed to SOP. The value of projects can vary from 80 to 150 million. Beneficiary: ADI - Intercommunity Development Association represented by Regional operator. Priority 2: Waste with a total budget of 1.17 billion Euro, of which EU funding of 0.93 billion.

In Romania, in most localities, the waste is collected and stored in locations that do not comply with European environmental rules. SOP proposes to remedy this situation by investing in the purchase of containers for selective collection, transport facilities, sorting, composting and recycling, construction of landfills at European standards closure of nonconforming old landfills, etc.

Similar to the water sector in this sector too is required a regional approach, involving collaboration among local governments to create associative structures - ADI. SOP Environment is the institution undertaking the assessment and selection of projects proposed for funding under Annex 2 of the SOP, which contains an indicative list of projects. Beneficiary: ADI represented by the County Council (www.posmedium.ro/prioritati).

Also, this priority takes into account the rehabilitation of contaminated land due to economic activities in the past when they did not consider environmental issues.

Currently a national strategy for the management of polluted land and their inventory is being developed. These documents will form the basis for the selection of pilot projects for closure/ rehabilitation of historically contaminated land with significant environmental impact. Evaluation and selection of projects is the responsibility of SOP Environment. Beneficiaries: local authorities (County Councils, Local Councils). Priority 3: District heating with a total budget of 458 million euro, of which EU funding of 229 million Euro.
Outdated municipal heating systems contribute to air pollution adversely affecting environmental quality and human health. To reduce this phenomenon will require substantial investment, which will be achieved through projects that consider the rehabilitation and modernization of power plants and distribution networks.

SOP Environment is responsible for the evaluation and selection of projects submitted, a prerequisite for their acceptance is that they have a strategy based on local heating medium/long term viability to analyze and heating system. Also as a precondition, projects must target those plants which have been granted transition periods for compliance with European standards. Beneficiaries: local authorities or, in certain cases, district heating operators (www.posmediumtm.ro/prioritati).

Priority 4: Protection of nature with a total budget of 215 million euro, of which funding from the European Union 172 million.

In recent decades, overexploitation of natural resources and habitat fragmentation have had a negative impact on the natural heritage of Romania. Although Romania is endowed with rich biological diversity, plant and animal species are threatened with extinction.

Currently, Romania must ensure the establishment of Natura 2000 network, in accordance with European legislation and implement conservation measures in protected natural areas.

Under this priority, the investments aim to ensure a proper management of protected areas, maintaining and improving the favorable conservation status of habitats and species, stop the degradation of biodiversity and natural resources, and awareness of the relevant factors.

IBs SOP of each region are responsible for evaluating projects, while SOP ENV is responsible for project selection.

Beneficiaries: managers and custodians of protected areas, REPAs and EPAs, public authorities, NGOs, research institutes, universities, museums.

Priority 5: Floods and coastal zone with a total budget of 329 million euro, of which the European Union finances 270 million.

Climate change, deforestation massive unauthorized constructions on the river banks, embankments made without studying their effect on the aquatic environment had resulted in an increased frequency of floods, on the one hand and the gradual erosion of the Black Sea coast, on the other hand. Given the loss of lives in recent years and significant damages, whose value is estimated at about 3 billion euro, and the disappearance of large areas of beach, Romania should take measures to prevent and protect against disasters and reducing the phenomenon of hydrological erosion.

Projects under this priority will be aimed at provision of infrastructure to prevent flooding and reduce their destructive consequences, development of hazard maps and flood risk prevention plans and measures, including public information and training in the field of harm reduction and rehabilitation of coastal zone Black Sea affected by erosion.

Evaluation and selection of projects is carried out by SOP Environment.

Beneficiaries: Romanian Waters National Administration - ANAR is the sole beneficiary of the projects funded in this sector.

Priority 6: Technical assistance with a total budget of 174 million euro, of which funding from the European Union of 130 million euro.

The purpose of this priority is to help increase the absorption capacity of EU funds by supporting the preparation of projects, funding for monitoring, evaluation and control of the projects, AM, OI staff and beneficiaries training on the management of EU funds and by sharing information and publicity actions.

Beneficiaries: MA and IB SOP.

These priorities are met through compliance with the sustainable development concept. Important objectives for compliance with this concept are: prevention and limitation of environmental destruction; preservation of ecological balance; rational use of natural resources.

The general principles underlying environmental policy today were outlined, i.e. the prevention,
action at source and the polluter pays Lenschow (2005).

3 The main objectives and priority axes of the Sectoral Operational Programme Environment

SOP has had as its starting point the objectives and priorities of EU environmental policy, reflecting Romania’s international obligations and specific national interests. SOP is designed to be a catalyst for a more competitive economy, a better environment and more balanced regional development (www.eurofinantare.ro/posm).

In developing the SOP were considered:
- economic and social development goals established by Romania’s National Development Plan 2007-2013;
- national strategy on the use of Structural and Cohesion Funds included in the National Strategic Reference Framework;
- provisions of the Community regulations on the Structural and Cohesion Funds and other methodological documents of the European Commission;
- comments European experts expressed both in Romania submitted position papers, and in bilateral meetings;
- recommendations of the ex-ante evaluation and strategic environmental assessment;
- observations and recommendations of the economic and social partners who were consulted in the drafting process.

On 12.07.2007, the program was approved by European Commission Decision no. 3467, which opened Romania’s access to European funding for environmental projects. SOP continue infrastructure development programs and considers environmental development programs initiated under the pre-accession assistance (PHARE and ISPA).

The overall objective of SOP is to protect and improve the environment and living standards in Romania, focusing in particular with the provisions of the environmental acquis. The overall objective of SOP is to reduce the gap between the European Union and Romania on environmental infrastructure both in terms of quantity and quality. This should materialize in effective public services, taking into account the principle of sustainable development and the principle of "polluter pays".

The main specific objectives of the Sectoral Operational Programme Environment are:
- improving of the quality and the access to water and wastewater infrastructure, by providing water supply and sewerage in most urban areas by 2015;
- developing sustainable waste management systems by improving waste management and reducing the number of historically contaminated sites in minimum 30 counties by 2015;
- reduce the negative impact caused by urban heating systems in most polluted localities by 2015;
- protection and improvement of biodiversity and natural heritage by supporting the protected areas management, including the implementation of the Nature 2000 network;
- reduction of natural disasters affecting the population, by implementing preventive measures in most vulnerable areas by 2015 (www.fonduri-structurale.ro/Detaliu.aspx?t=mediu);

To achieve the objectives of Operational Programme Environment it’s foreseen to allocate national and EU funds, in order to implement the main priority axes.

Priority Axis 1 - Extension and modernization of water and wastewater (www.fonduri-structurale-europene.ro/posmediu/axele-prioritare)

The main objectives of this priority are treated:
- providing affordable water and sanitation;
- ensuring proper quality of drinking water in all human agglomerations;
- improving the quality of watercourses;
- improving the management of sludge from wastewater treatment plants;
- this priority will be financed from the Cohesion Fund.
This priority axis will benefit mostly from European funds for SOP (60%). Investments are considering expansion / modernization of water and sewage networks, construction/ modernization of water treatment plants and public services more efficient water and sanitation. These investments will result in regional projects which will focus in the first phase, on the water sector needs in urban environments where the environmental impact is increased and the population is large.

Priority Axis 2 - Development of integrated waste management and remediation of contaminated sites.

The main objectives for this axis are:
- increase access to quality public sanitation services appropriate and acceptable rates;
- reducing the amount of waste stored;
- increasing the amount of waste recycled and recovered;
- reduce the number of contaminated sites.

This priority axis will be financed from the European Regional Development Fund.

This priority addresses a critical environmental issues in Romania - the pollution of water, soil, air caused by inadequate waste disposal. Inadequate waste management both in the past and present in Romania, led to improper storage of large amounts of waste that are growing even nowadays.

Priority 3 - Reduction of pollution and mitigation of climate change by restructuring and renovating urban heating systems to achieve energy efficiency targets in the most polluted areas.

The main objectives for this axis are:
- the reduction of pollutant emissions from district heating plants;
- improving the level of concentrations of pollutants in the localities concerned;
- improving public health in the affected localities.

This priority axis will be financed from the Cohesion Fund.

This priority contributes to the fulfillment of the obligations undertaken in the air quality and industrial pollution control in Romania, particularly in terms of commitments to reduce emissions into the atmosphere from municipal heating systems.

Actions under the program foresee reducing the negative impact on environment and human health in the cities which suffer most from pollution caused by old urban heating systems. Interventions will be based on local strategies heating medium/ long term.

Priority Axis 4 - Implementation of adequate management systems for nature protection.

The main objectives for this axis are:
- conservation of biological diversity, natural habitats, species of flora and fauna;
- ensuring efficient management of protected areas.

This priority will be financed from the European Regional Development Fund.

This priority aims to ensure good management of protected areas and thus stopping the degradation of biodiversity and natural resources. The actions of this axis are considering the development of infrastructure for protected areas as well as maintenance, operation and monitoring. Another important element would be increased awareness regarding environmental protection and nature-friendly behavior.

Priority 5 - Implementation of adequate infrastructure of natural risk prevention in the areas most at risk.

The main objectives for this axis are:
- contribution to the sustainable management of floods in areas most at risk;
- protect and rehabilitate the Black Sea coast.

This priority axis will be financed from the Cohesion Fund.

Financial support will focus on investments that provide an adequate level of protection against floods and default on improving economic, environmental, ecological and conservation status in the most vulnerable regions. The target areas for intervention will be selected according to the relevant strategies regionally and nationally. Protecting and rehabilitating the southern coast of the Black Sea aims to reduce coastal erosion, thereby increasing the investment value of the area, but also to increase safety and environmental protection natural population.

Priority 6 - Technical Assistance
The main objective for this axis is - strengthening the management, monitoring, control and evaluation of SOP ENV.

This priority axis will be financed from the European Regional Development Fund.

The purpose of this priority is to help increase the absorption capacity of EU funds by supporting the preparation of projects, financing the activities regarding monitoring, evaluation and control, and information and publicity actions for SOP Environment.

Special attention will be given to supporting projects identification to exchange information with the European research community in environmental field and transfer of knowledge. The studies developed for supporting project identification will fully consider the available data on innovation and environmentally friendly technologies.

Technical Assistance (TA) will assist in the implementation and monitoring of the program and will contribute significantly to achieving the global and specific SOP.

For 2020, the EU Commission is proposing five measurable objectives that will guide the process and be translated into national targets: employment, research and innovation, climate change and energy, education and combating poverty.

They will give the direction where we should be heading and represent means of measuring our success Barroso (2010).

Cancun summit in Mexico in 2010 represents another milestone for environmental policy. Some of the points set are: keeping global warming below 2 °C, a reduction of greenhouse gas emissions, achieving Fund "Green Climate" to help developing countries.


Environment Sectoral Operational Program is managed at many levels, as follows:

- Managing Authority (MMDD) is responsible for implementing the program, ensuring global coordination and management of SOP ENV;
- The 8 Intermediate, organized structures subordinated to MMDD each development region, are responsible for implementing environmental priorities SOP, at regional level;
- Beneficiaries have the lead role in managing and implementing the measures approved by the SOP; also, they are responsible for organizing and carrying out procedures for tendering and contracting of services and works projects. Most of these beneficiaries are local authorities, NGOs.
- Paying and Certifying Authority was created in the Ministry of Finance to administer funds received from the European Union;
- Audit Authority to the Court of Auditors will carry out systems audit checks on a sample basis for CF and ERDF;
- Monitoring Committee ensures the effectiveness and quality of program implementation of the Sectoral Operational as follows: consider and approve the criteria for selecting the operations SOP Environment, periodically review progress made towards achieving the objectives specific operational program, examine and approve the annual and final implementation reports (www.europa.eu.int/comm).

Potential applicants and beneficiaries of environmental infrastructure projects are:

- central public authorities, regional and local;
- regional water companies;
- administrations of protected areas;
- National Administration "Romanian Waters";
- NGOs.

Accessing the Sectoral Operational Programme Environment is done by using the applicant guides.

First axis specific guide was developed by the Managing Authority for the SOP to assist applicants wishing to obtain grants for investment projects in the water and wastewater funding under Priority Axis expansion and modernization of water and wastewater (www.posmediumtm.ro/document).

The second guide was developed to assist applicants wishing to obtain funding for projects to rehabilitate contaminated sites.
Axis 3 Guide was developed by the Managing Authority for the SOP to assist applicants wishing to obtain financing for projects related to urban heating sector.

For Axis 4 - The guide was developed by the Managing Authority for Sectoral Operational Programme "Environment" to support those seeking grants for environmental projects under this axis "Implementation of adequate management systems for nature protection".

The guide is developed under the provisions of SOP and in conjunction with national and Community legislation on the grant of assistance to Romania by the European Union structural instruments.

Guide of the 5-axis was drafted by the Managing Authority for Sectoral Operational Programme Environment 2007-2013 (SOP) to support the National Administration "Romanian Waters" as sole beneficiary for obtaining grant for flood protection projects and reduce coastal erosion in the axis - Development of adequate infrastructure of natural risk prevention in the areas most at risk (www.euractiv.ro/uniunea-europeana).

To ensure consistency in environmental policy, DG Environment has to coordinate its work with other Directorates General of the Commission, such as fisheries, agriculture, energy, climate action, research, transport, enterprise and industry policy, regional policy Calin and Tudor (2007).

Priority Action Plan for strengthening the capacity of absorption of Structural and Cohesion Funds (PMP) approved by the Government in April 2011 was based on analysis by ACSI in January 2011 on the problems and obstacles identified in the implementation of Operational Programmes.

PMP's overall objective is to address the problems and deficiencies affecting mostly the implementation of structural and cohesion funds in order to eliminate or significantly reduce the barriers to absorption.

In the medium term, PMP implementation should avoid disengaging important funds at 31 December 2013 (when there are at greater risk of disengagement) and long term to create the conditions necessary to achieve the target set in the National Strategic Reference 2007-2013, and at least 90% absorption of structural and cohesion funds allocated to Romania.

PMP is divided into seven main areas that address the problems and shortcomings affecting mostly the implementation of structural and cohesion funds:

1. project cycle management by the bodies responsible for implementing operational programs;
2. financial aspects regarding the management of operational programs and projects;
3. the public procurement procedures and procurement contracts;
4. the control and audit activities approach;
5. the influence of external institutions and procedures on the on the assessment process, contracting and implementation of projects;
6. ensuring an adequate administrative capacity of the structures responsible for implementing Operational Programmes;
7. capacity and accountability of beneficiaries according to their commitments, the ACSI measures PMP monitored and reported quarterly to the European Commission progress.

Establishment of European Affairs Ministry in September 2011 prompted reconsideration of priorities for accelerating the absorption, identifying measures such as those related to proper use of funds and their more transparent management, which were not included in the PMP, leading to the need to review PMP.

At the Monitoring Committee meeting of 26-27 May 2011, held in Timișoara, information was presented on the implementation of the Sectoral Operational Programme "Environment" and actions taken to accelerate implementation of projects funded through the program. The main topics were:

- The current situation of structural funds absorption SOP, the fact that the amount of financing contracts signed is 3.5 billion, while actual payments are only 120 million Euro;
- Problems encountered by the Beneficiary with the public procurement;
- Priority measures undertaken by the Government in consultation with the
European Commission to address the main issues directly facing the European funds management system;


On 08/08/2014 SOP has reported a 38.94% uptake of the budget allocated by the European Union for the financial year 2007-2013.

The total value of the contracts is funded 35.14 billion lei, representing a rate of 113% compared with the corresponding European funding 2007-2013.

However, in 2015 Sectoral Operational Programme Environment, still has the lowest absorption rate of 42.28% representing EUR 1.866 billion from the 4.413 billion euros allocated (www.posmediu.ro).

We notice easily that many projects are rejected funding from the first phase of assessment because of the superficial approach of the eligibility and administrative conditions.

The eligibility of the applicant – type (NGOs, public authority, micro-enterprise, SME, large enterprise), age (minimum 1-2 years), profitability (operating profit to be earned in the previous year project submission), work (code CAEN) which require funding, legal representative and no debts in fiscal certificates must be fulfilled in strict accordance with the specifications of the funding guidelines.

Otherwise, the whole exercise is an unnecessary expense of time and money: the project will be rejected in the first phase.

Equally important is the observance of the eligibility of the project, how it contributes to the objectives of the grant program, the conditions on operational capability, experience and number of staff involved in project management.

Very important is the financial side expressed in the support of investment and operational expenditure, the amount of related indicators, the implementation period between 2-4 years after project approval and compliance with minimum required conditions mentioned in the technical and financial evaluation grids.

To these we will add the administrative conditions of the project and the applicant and obtaining and attaching all approvals, certificates, declarations and documents in the format, content and validity requested by the funding program.

Step by step compliance with the with the mentioned conditions, according to user specific program funding access, will ensure the project to be rejected in the evaluation phase of administrative compliance and eligibility and will lead to grant funding.

5 Conclusions

Environment Operational Programme aims mainly at improving the environmental situation in Romania. The measures provided for in the main areas of intervention can have significant positive effects on the environment.

In the overall system of monitoring the SOP will be integrated environmental monitoring program. It will enable signaling the potential environmental problems resulting from the proposed projects under the SOP, identified during ex ante, facilitating prompt implementation of corrective measures.

The perspective of the environmental policy changes from a quality-oriented towards one focused on pollutant emissions and pollutant emissions standards are proposed to limit the values for such emissions Hey (2005).

This assessment of the Environment Operational Programme aims at tracking the effects of implementation of the program, if its impact has the desired effects and the communication techniques as well as the recharge mechanisms were the most appropriate.

We emphasize that the main measures of achievement indicators Operational Programme Environment Ex-ante, ongoing and ex-post that improve program principles throughout its implementation parks are constructive measures.

The final conclusion, this article, in terms of environmental protection is that it includes relevant issues connected with human health and issues related to protection of nature and biodiversity.

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References


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